

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Salem Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2016
DATE: February 26, 2015

Required Fiscal Year 2016 Appropriation: **\$12,000,000**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2016 which commences July 1, 2015.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2016 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal as part of their January 1, 2014 actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

Attachments

cc: Office of the Mayor
City Council
c/o City Clerk



Salem Retirement Board

Projected Appropriations

Fiscal Year 2016 - July 1, 2015 to June 30, 2016

Aggregate amount of appropriation: **\$12,000,000**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2016	\$11,626,316	\$11,743,740	\$256,260	\$12,000,000	\$11,626,316	\$373,684	\$0
FY 2017	\$11,856,711	\$12,260,816	\$266,914	\$12,527,730	\$11,856,711	\$671,019	\$0
FY 2018	\$12,091,715	\$12,810,078	\$278,047	\$13,088,125	\$12,091,715	\$996,410	\$0
FY 2019	\$12,331,419	\$13,383,923	\$289,682	\$13,673,605	\$12,331,419	\$1,342,186	\$0
FY 2020	\$12,575,917	\$13,983,450	\$301,840	\$14,285,290	\$12,575,917	\$1,709,373	\$0

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

SECTION 3: Supplemental Information for the City of Salem Contributory Retirement System

Category	Water	South Essex Sewerage	Housing	North Shore Regional VOC	City	Salem Retirement Board	Total
20. Payment date	August 1	August 1	August 1	June 30	July 1	N/A	N/A
21. Adjustment for timing	1.006458	1.006458	1.006458	1.077500	1.000000	0	0
22. Fiscal 2015 appropriation, adjusted for timing: (19) x (21)	\$257,631	\$893,540	\$338,524	\$336,943	\$10,121,621	\$0	\$11,948,259
23. Fiscal 2016 appropriation	266,614	816,337	315,214	530,660	10,071,175	0	12,000,000
24. Fiscal 2016 appropriation, adjusted for timing: (23) x (21)	268,336	821,609	317,250	571,786	10,071,175	0	12,050,156
25. Fiscal 2017 appropriation	278,357	852,318	329,114	554,033	10,513,908	0	12,527,730
26. Fiscal 2017 appropriation, adjusted for timing: (25) x (21)	280,155	857,822	331,239	596,971	10,513,908	0	12,580,095

Notes: Administrative expenses allocated in proportion to total normal cost.

Actuarial value of assets allocated in proportion to actuarial accrued liability less present value of future ERI payments and adjusted for additional contributions by South Essex Sewerage.

The unfunded accrued liability in (11) and normal cost in (14) include unfunded accrued liability and normal cost of \$2,156,171 and \$35,262, respectively, due to merger of Essex Agricultural and Technical School and North Shore Regional Vocational Technical School.